



next PLC (LON: NXT) 1Q17 Update: Weak Sales and Lower FY17 Guidance

- British fashion retailer Next reported a decline in total full price sales of 3.0%. Next Retail full price sales declined 8.1% year over year, while Next Directory sales increased 3.3%. Sales from new retail space accounted for a full price sales increase of 1.6%.
- Following weak 1Q17 sales, the company lowered its FY17 revenue and profit guidance. The company now expects total full price sales growth for the Next Brand to be between (3.5)% and +0.5%. The company expects FY17 profit before tax (PBT) in the range of £680–£740 million, equating to negative year-over-year growth of between 13.9% and 6.4%.

1Q17 Update

British fashion retailer Next reported a decline in total full price sales of 3.0% for the thirteen weeks ending April 29, 2017. Next Retail (in-store) full-price sales declined 8.1% year over year, while Next Directory (online and catalog) sales increased 3.3%. Sales from new retail space accounted for a full price sales increase of 1.6%. Total sales including markdowns declined by 2.5% year over year.

Outlook

The company noted that the UK consumer environment remains challenging, particularly in clothing and the homewares market, and that current real wage growth is close to zero.

Following weak 1Q17 sales, the company lowered its FY17 revenue and profit guidance. The company now expects total full price sales growth of the Next Brand to be between (3.5)% and +0.5%. The company expects FY17 PBT in the range of £680–£740 million, equating to negative year-over-year growth of between 13.9% and 6.4%.

FY17 revenue consensus estimates stand at £4,101 million, implying an annual year-over-year decline of 0.1%. Consensus expects PBT of £725 million, implying a year-over-year decline of 8.3%. The FY17 consensus EPS estimate stands at 404 pence, implying a year-over-year decline of 6.5%.



FLASH REPORT

Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

Eva Kubicka

Senior Research Associate

Hong Kong:

8th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 4406

London:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

New York:

1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

FungGlobalRetailTech.com